

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 504 (MC2019-76)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-81

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL CONTRACT 504, FILED UNDER SEAL**
(May 6, 2020)

The Postal Service hereby provides notice that the terms of Priority Mail Contract 504, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Contract 504 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective three business days following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Sean C. Robinson

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(202) 268-8405
Sean.C.Robinson@usps.gov
May 6, 2020

ATTACHMENT A

REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 504

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE

WHEREAS, the United States Postal Service (the “Postal Service”) and [REDACTED] (“Customer”) entered into a Shipping Services Contract regarding Priority Mail Service, Contract 504/Docket No. CP2019-81 on January 11, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.B, I.C, I.E, I.F, I.G, I.J and Section IV; replace price Tables 1, 2 and 3 in Section I.H; replace Tables A and B; add Table A.1; and delete Table C of the Contract.

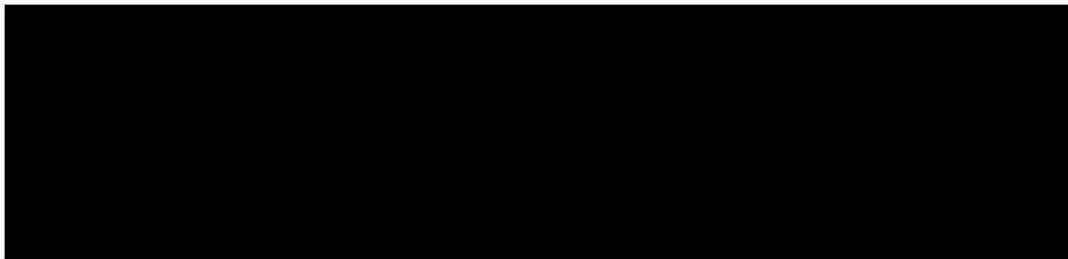
NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This amendment shall become effective three (3) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.C, I.E, I.F, I.G, I.J and Section IV; replace price Tables 1, 2 and 3 in Section I.H; replace Tables A and B; add Table A.1; and delete Table C of the Contract, as follows:]

I. Terms

B. This Contract applies to Customer’s inbound and outbound packages, excluding packages originating from and/or addressed to ZIP Codes contained in Table A.1 below (collectively “Contract Packages”), as follows:

1. Priority Mail weight-based packages that do not exceed [REDACTED];
2. Priority Mail cubic packages that do not exceed [REDACTED];
3. Priority Mail Flat Rate Envelopes [REDACTED]; and
4. Priority Mail [REDACTED] Flat Rate Boxes.



- Customer expressly commits to not offer, sell, or allow the use of Contract Pricing provided in this Contract to any other entity or party (i.e. “reselling”). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing. For the avoidance of doubt, a violation of this section will constitute a material breach of this Contract. This requirement may be waived in writing by the Postal Service, expressly for the limited purpose of Customer’s dropshipping activities.
- C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System ("eVS"), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages, and Customer's other Priority Mail packages ("Total Packages"), shipped from authorized permits and/or PC Postage accounts shall count towards the volume commitment expressed in Sections I.E, I.G and Table B below.
- E. Volume Commitment. Customer should ship at least [REDACTED] Total Packages, annually. If the volume falls below the annual commitment for Tier 1 pricing shown in Table B, for any Annual Period defined in Table A, the Postal Service, in its sole discretion, has the right to revert Customer to the most current Priority Mail Commercial Plus prices.

Table A

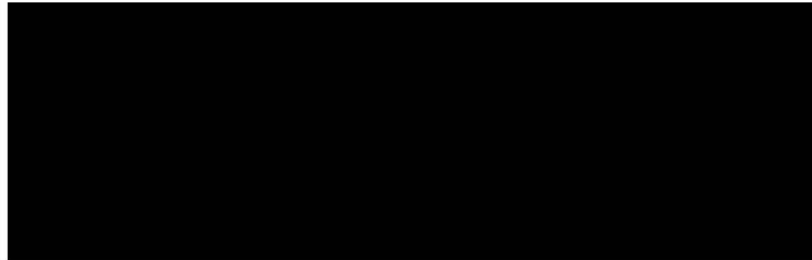
| Annual Period | Start of Period | End of Period |
|----------------------|------------------------|--------------------------------|
| Period 1 | July 1, 2019 | June 30, 2020 |
| Period 2 | July 1, 2020 | June 30, 2021 |
| Period 3 | July 1, 2021 | February 14, 2022 ¹ |

- F. Customer shall pay Tier 1 prices for its Contract Packages from the effective date of this Amendment until June 30, 2020. Contract Package pricing for subsequent Annual Periods shall be determined by the volume of Total Packages shipped in the preceding twelve (12) month period defined in Table A. At the conclusion of each

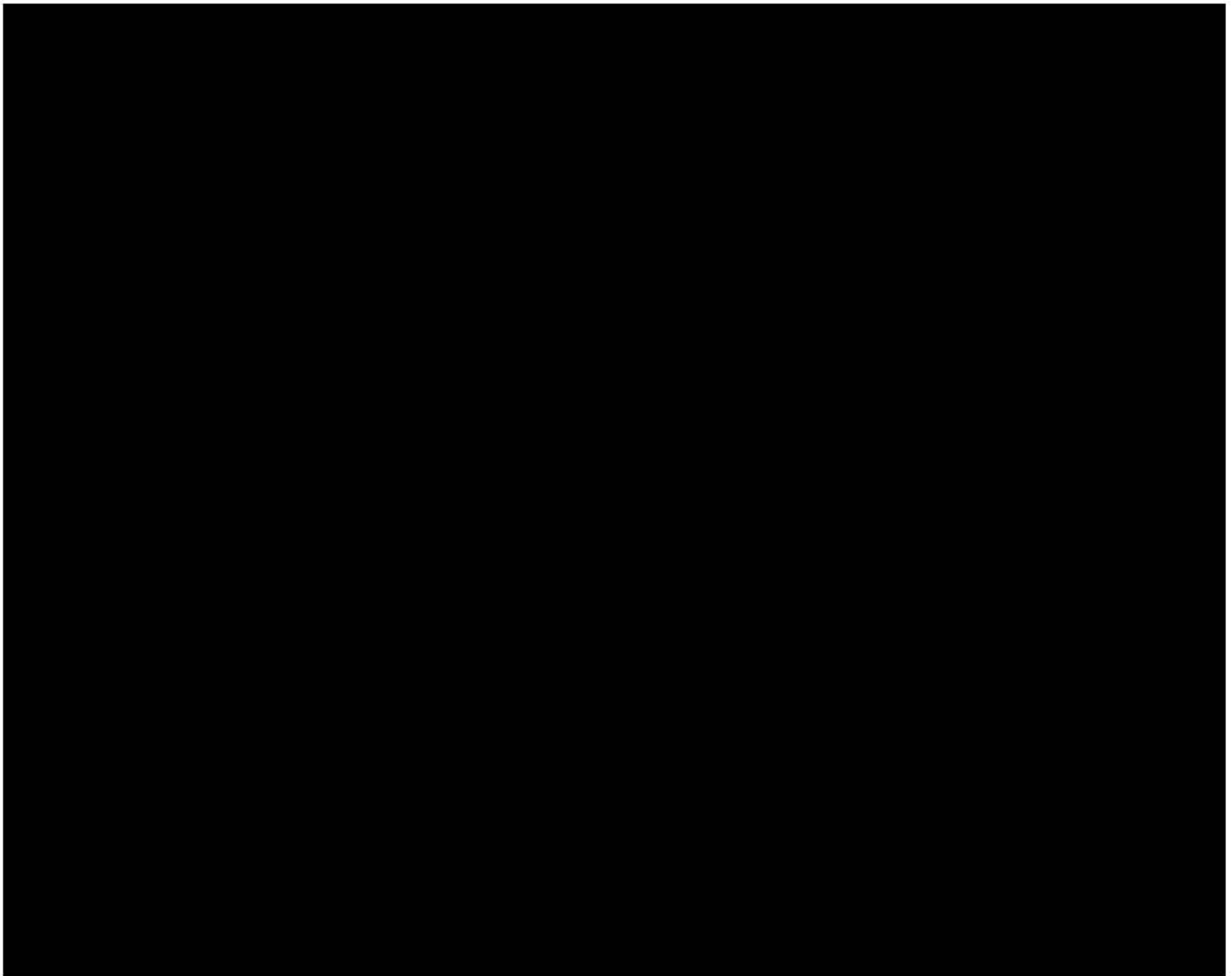
¹ Period 3 ends with Contract’s Expiration Date.

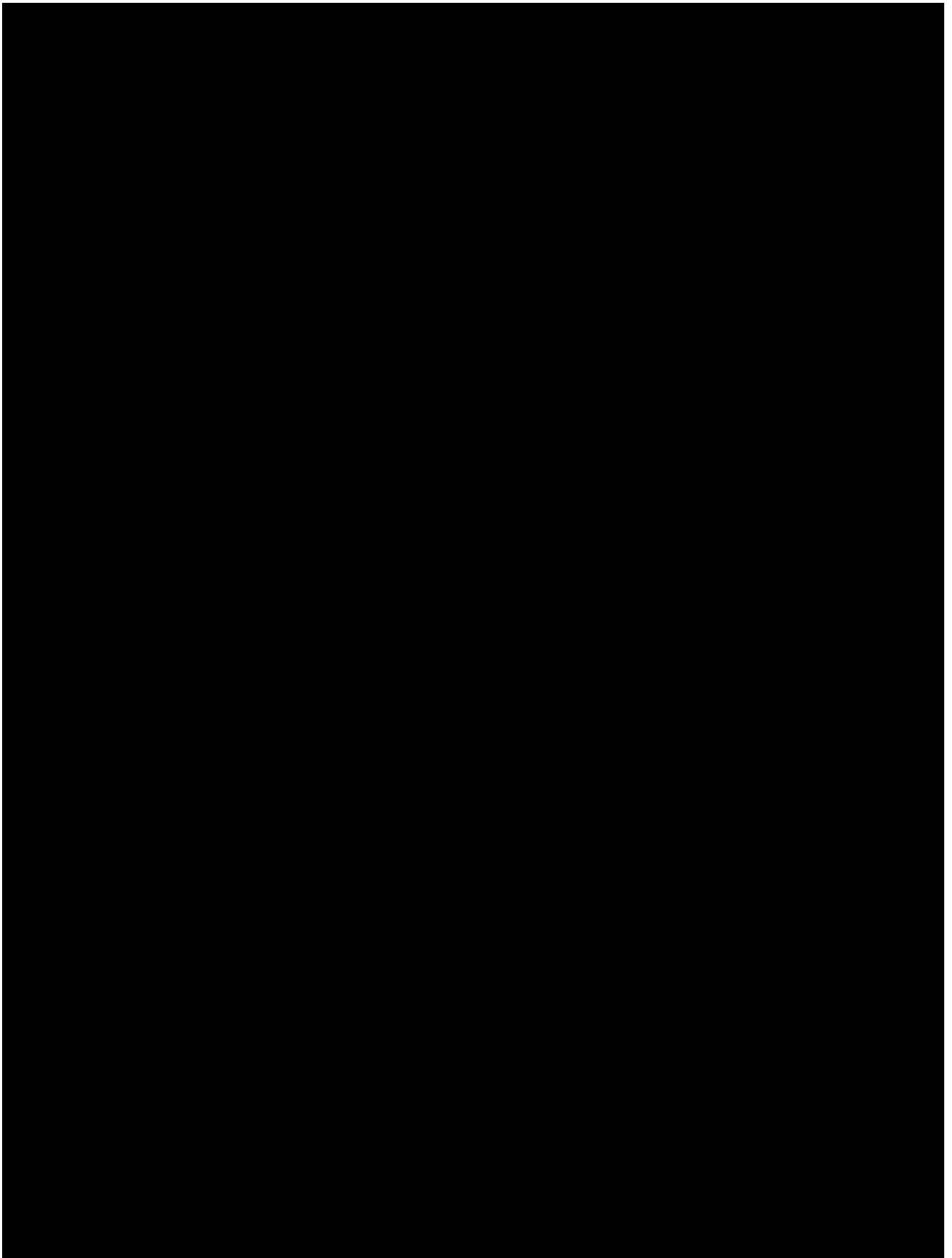
Annual Period, the Postal Service will calculate the number of Total Packages and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of the applicable Period.

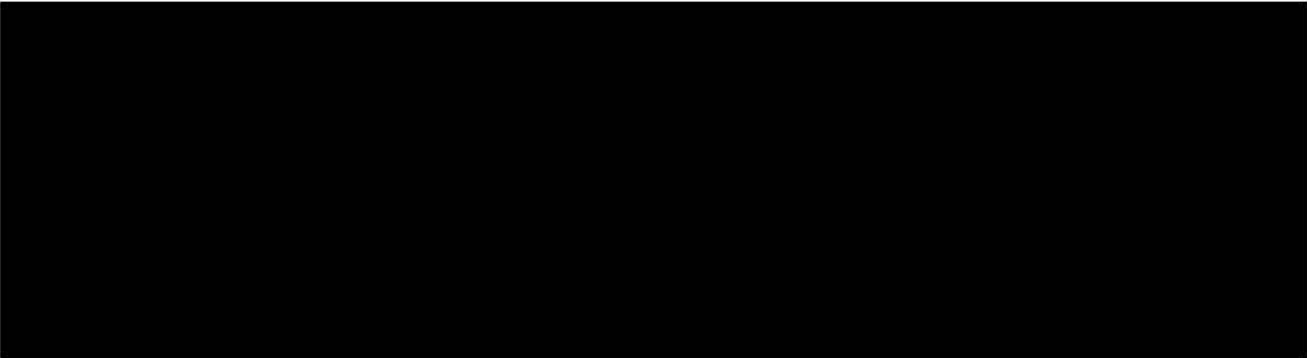
G. Tiered Annual Volume Commitments.



H. Contract Package Prices. The following customized prices in Tables 1 through 3 apply to Customer's Contract Packages, until the subsequent anniversary of the Contract's effective date, and will adjust pursuant to Section I.I.





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- J. Quarterly Business Reviews. The Parties shall, within fifteen (15) calendar days after the conclusion of each full Calendar Quarter in each Contract Year, jointly conduct a business review of Customer's Contract Packages, the agreed-upon locations referred to in Section I.D, and other performance expectations under this Contract either in person, by telecom, or by webinar. If either Party is unable to conduct a business review within fifteen (15) calendar days after the conclusion of the above referenced calendar quarters, it shall notify the other Party in writing (i.e. email or mail) of that fact and propose a date as soon as practicable thereafter.

IV. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this Contract by submitting a written appeal via email, along with any and all supporting documentation, within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to [REDACTED]. The appeal is forwarded to the Pricing and Classification Service Center (PCSC). The PCSC manager issues the final agency decision. Any decision that is not appealed as prescribed becomes the final agency decision.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

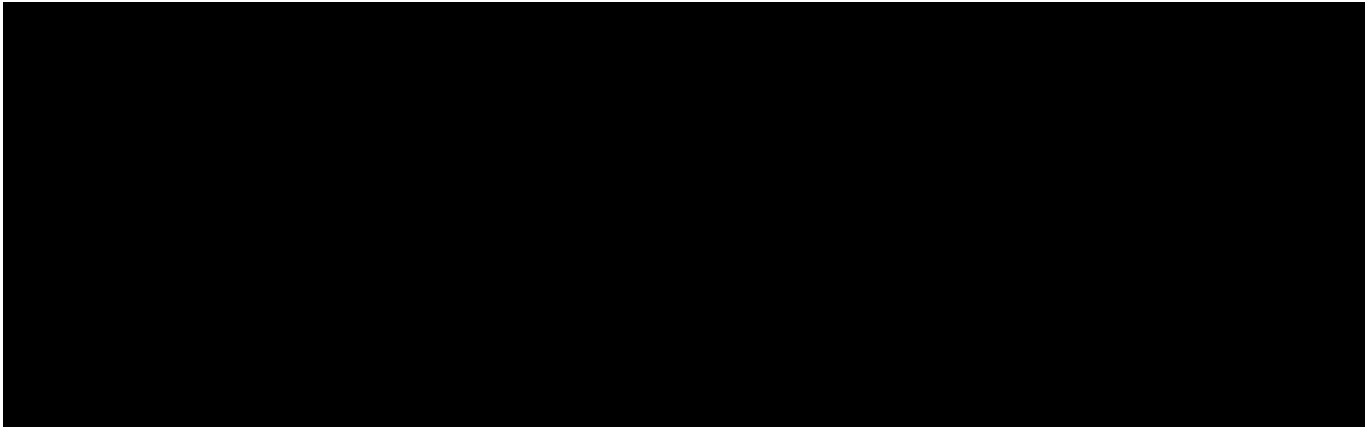
UNITED STATES POSTAL SERVICE

Signed by:  9AD5FB40E84B419...

Printed Name: Timothy R. Costello

Title: Vice President Sales

Date: 3/31/2020



ATTACHMENT B
SIGNED CERTIFICATION

Certification of Prices for Amendment to Priority Mail Contract 504

I, Nan K. McKenzie, Manager, Pricing Innovation, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Contract 504. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Nan K.
McKenzie**

Nan K. McKenzie

Digitally signed by Nan K. McKenzie
DN: cn=Nan K. McKenzie, o,
ou=Manager, Pricing Innovation,
email=nan.k.mckenzie@usps.gov,
c=US
Date: 2020.05.06 16:19:25 -04'00'